

Power rate hike approved for Rocky Mtn. customers

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The **Utah** Public Service Commission has approved a \$115 million electricity rate hike that will raise the typical residential monthly bill of Rocky Mountain Power customers by nearly \$6 for a household using 753 kilowatt hours.

The 10.3 percent rate hike for residential customers is one of the largest in the utility's history. It will be implemented in two phases: \$85 million, effective Dec. 11; and an additional \$30 million on June 1, 2007.

Rocky Mountain Power had first asked for a \$197 million rate hike. However, private negotiations between the utility and state regulators resulted in the \$115 million settlement. Typically, a rate request results in hearings before the Utah Public Service Commission.

In its order, the PSC reduced the utility's authorized return on equity, or allowed profit, from 10.5 percent to 10.25 percent. In recent years, the utility has been earning a 6 percent to 8 percent return, according to Dave Eskelsen, a spokesman for the company.

In addition to the rate hike, the PSC authorized the utility to raise its monthly customer service charge to \$2 from 98 cents. That charge covers costs associated with meter reading.

Most of the \$115 million rate increase will go to pay for two gas-fired power plants: The \$350 million Carrant Creek power plant, located west of Mona, Juab County, about 75 miles south of Salt Lake City; and the \$330 million Lake Side power plant, currently under construction on 62 acres at the site of the defunct Geneva Steel in Vineyard.

The company also has said the new revenues will be used for expansion and operation of the system, like new substations and power lines, and strengthening the company's maintenance programs. E-mail: danderton@desnews.com